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SUBJECT: PRESS BULLETIN - January 20, 2009

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#### Top Headlines

Chosun Ilbo  
Belated Reshuffle of Lee Myung-bak Administration's Economic Team

JoongAng Ilbo  
President Lee: "Media Reforms Boost Growth and Create High-Quality Jobs"

Dong-a Ilbo, Hankook Ilbo, Hankyoreh Shinmun, All TVs  
President Lee Undertakes Partial Cabinet Reshuffle by Filling Positions with Close Aides, an Indication that He Wants a Stronger Grip on Governance

Segye Ilbo, Seoul Shinmun  
Former Financial Regulator Yoon Jeung-hyun Named New Finance Minister; Korea University Prof. Hyun In-tae to Head Unification Ministry

#### Domestic Developments

- [¶1. President Lee Myung-bak replaced his finance and unification ministers and other senior officials yesterday in a Cabinet shakeup aimed at reviving the sluggish economy and reestablishing stalled ties with North Korea. \(All\)](#)

¶2. In particular, Hyun In-taek, a political science professor at Korea University, will replace Kim Ha-joong as Unification Minister. Given that Professor Hyun used to be a key North Korea adviser to President Lee during his presidential election campaign in 2007 and is widely known for stressing reciprocity in ties with North Korea, the Lee Myung-bak Administration will likely further toughen its stance on Pyongyang. (All)

¶3. Outgoing President George W. Bush made a farewell phone call to President Lee Myung-bak yesterday to say that he enjoyed working with President Lee to improve bilateral relations. (JoongAng, Dong-a, Hankook, Segye, Seoul)

#### International News

¶1. President-elect Barack Obama will be sworn in on Jan. 21 (local time) as the 44th President of the U.S. (All) His first task in office is likely to be to boost the sagging U.S. economy and to deal with the Iraqi issue. Furthermore, President Obama's policy on North Korea is likely to be a compromise between the policies of Presidents Clinton and Bush. (JoongAng)

¶2. According to AFP, the White House warned North Korea on Jan. 19 that new President Barack Obama will stand firm in opposing the North's nuclear programs, while dismissing Pyongyang's atomic defiance as a childish tantrum. White House Spokeswoman Dana Perino was quoted as saying in response to the North's recent threat to keep its nuclear arms and to take an "all-out confrontational posture" against the ROK: "It is not surprising that they would bang their spoons on their high chair to try to get attention." (Chosun, Dong-a, Seoul)

¶3. Political observers in the ROK, meanwhile, noted the increasingly bellicose rhetoric from North Korea's military, and expressed concern that the North Korean military might be wielding little-checked power while its leader Kim Jong-il is still recovering from a stroke he reportedly suffered last summer. (JoongAng)

#### Media Analysis

##### North Korea

The North Korean military's Jan. 17 threat to take an all-out confrontational posture against the ROK received wide coverage yesterday. A North Korean military spokesman was widely quoted as saying: "Now that traitor Lee Myung-bak and his group opted for confrontation... our revolutionary armed forces are compelled to take an all-out confrontational posture to shatter them." The ROK media also noted a Jan. 17 statement by a North Korean Foreign Ministry spokesman that the North will retain its nuclear weapons even after it forms diplomatic ties with the U.S. The ROK media reported that the ROK's military has been placed on high alert following the North Korean threat and that the ROKG has decided to respond calmly.

In a related development, most of the ROK media today replayed an AFP report citing the White House as dismissing Pyongyang's atomic defiance as a childish tantrum. White House Spokeswoman Dana Perino was quoted as saying: "It is not surprising that they would bang their spoons on their high chair to try to get attention."

Right-of-center JoongAng Ilbo, meanwhile, carried an inside-page report quoting ROK political analysts as commenting: "Given the increasingly bellicose rhetoric from North Korea's military, the North Korean military may be wielding little-checked power while its leader Kim Jong-il is still recovering from a stroke he reportedly suffered last summer."

The ROK media gave wide play today to President Lee Myung-bak's long anticipated Cabinet reshuffle yesterday. Most of the ROK media, in particular, noted President Lee's nomination of Hyun In-taek, one of his hawkish North Korea policy adviser, as Unification Minister. The ROK media saw this nomination as suggesting that the Lee Myung-bak Administration would further toughen its stance on Pyongyang, regardless of the communist state's increasingly

bellicose threats.

Conservative Chosun Ilbo editorialized: "Given that Obama's key officials have said that the incoming administration's top foreign policy priorities would be problems in Afghanistan and the Middle East, North Korea's unexpected military statement smells like a bid to put itself higher on the U.S. priority list. If that was the aim, it would be self-defeating. U.S. Secretary of State Condoleezza Rice said last month that only a fool would trust North Korea. If North Korea engages in any military confrontation on the Northern Limit Line (NLL) in the West Sea as the spokesman warned, it will only cement in the minds of the Obama Administration the impression that it is a difficult country to trust and negotiate with. That will make it more difficult for North Korea to realize its desire to sit down face-to-face with senior U.S. officials."

Right-of-center JoongAng Ilbo's editorial stated: "North Korea appears to be testing bolder brinkmanship to draw attention from Seoul and the incoming Obama Administration. However, it needs to be aware that the world has become weary of its game of brinkmanship. Pyongyang may still have room for gains in its nuclear strategy. However, that kind of maneuvering would be just a waste of time and do little to help its dismal economic state. It is obvious from the record that North Korea has long been a beneficiary of international support, but failed to use the resources to improve its economy. So once again we are forced to emphasize that the fundamental remedy to its economic woes would be to abandon its nuclear ambitions and to guarantee nuclear-free security."

Conservative Dong-a Ilbo editorialized: "North Korea's intentions are evident. It intends to return inter-Korean ties to a decade ago, when the ROK provided it with 'generous handouts.' It also aims to create divisions and chaos in ROK society by provoking internal conflicts in the ROK. With the launch of the Obama Administration drawing nearer, the North may also aim to obtain a better position in nuclear talks by taking preemptive actions. Its threat also seems intended to distract the attention of North Koreans from Chairman Kim Jong-il's ill health to external factors. Since the North Korean regime is beyond common sense, we cannot rule out the possibility, either, of a military provocation from the North in the worst-case scenario. Only when the ROK and the U.S. make it clear that they will not tolerate North Korea's provocation against the ROK and its nuclear possession under any circumstances can they prevent the North from acting imprudently."

#### The Launch of the Obama Administration

The ROK media gave wide attention to President-elect Barack Obama's Jan. 20 (local time) inauguration as the 44th President of the U.S. In particular, right-of-center JoongAng Ilbo predicted that President Obama's first task in office is likely to be to boost the sagging U.S. economy and to deal with the Iraqi issue and that his policy on North Korea is likely to be a compromise between the policies of Presidents Clinton and Bush. Moderate Seoul Shinmun editorialized: "At her Senate confirmation hearing, Secretary of State-designate Hillary Clinton said that the U.S. alone cannot resolve difficult challenges around the world, nor can the world resolve them without the U.S., indicating her willingness to depart from (the Bush Administration's) unilateral diplomacy. We urge the incoming Obama Administration not to resort to diplomacy based on unilateralism and power in order to resolve conflicts around the world. The Bush Administration called North Korea an 'axis of evil,' but failed to deal with the communist regime. Unlike its predecessor, the Obama Administration should make substantial progress on the nuclear issue through close cooperation with the ROK."

#### Opinions/Editorials

##### ROK-U.S. Cooperation Is Leverage in Resolving North Korean Nuclear Issue

(Dong-a Ilbo, January 19, 2009, Page 31)

By Park Yong-ok, Former Vice Minister of National Defense, Professor of Hallym Institute of Advanced International Studies

An easy resolution to the U.S.-North Korea conflict over the North

Korean nuclear issue is unlikely, even after the launch of the Obama Administration. The incoming administration should address the nuclear issue with North Korea, even while North Korea insists that the two nations hold bilateral disarmament talks. In line with its stance that stresses alliance, a multilateral approach and rejects unilateralism, the Obama Administration should receive cooperation from Six-Party Talks participants when it intends to impose military and economic sanctions on North Korea.

Against this backdrop, we urgently need a strengthened U.S.-ROK alliance. Only when the alliance is on a firm footing can cooperation between the U.S., ROK and Japan gain momentum. It (a strengthened U.S.-ROK alliance) can also encourage China and Russia to join the collaborative relationship. In the past, the Korean government put more emphasis on cooperation between the two Koreas than on the U.S.-ROK alliance, resulting in North Korea conducting a nuclear test on October 9, 2006. The Obama Administration, for its part, should not follow in the footsteps of the Bush Administration that negotiated with North Korea in advance and informed South Korea of the results.

Both ROK and the U.S. should not brush aside possible military provocation at the time of the launch of the Obama Administration. The chief of the General Staff of the North's Korean People's Army on Saturday said, "As Lee Myung-bak Administration has chosen the road to confrontation, we have no other choice but to assume a full confrontational stance." It also stressed that it would act to maintain its territory in the West Sea. In response, the Korean government should be fully prepared for possible military conflicts in the West Sea.

Korean security will be extremely vulnerable in the next few years, faced with the North Korean nuclear crisis, an economic downturn and North Korea's military provocation. The Korean government should rethink whether it is desirable to dismantle the ROK-US Combined Forces Command (CFC) in this precarious situation.

#### KORUS FTA and Hillary Clinton's True Intentions (Chosun Ilbo, January 20, 2009, Page 27)

By Suh Jin-kyo, Director of Trade and Investment Policy at the Korea Institute for International Economic Policy

Observers in the ROK have different interpretations of U.S. Secretary of State-designate Hillary Clinton's recent remarks about the ROK-U.S. Free Trade Agreement (FTA) at her Senate confirmation hearing. Some experts said that she expressed an "intention to renegotiate" the deal. With regard to the ROK-U.S. FTA, however, the ROK government and political circles should go beyond a political ideology and carefully view the deal from the perspective of the national interests.

The key to Clinton's statement seems to be that the U.S. has a great deal of interest in the auto and beef issues, and "if the ROK wants," it will discuss those issues with the ROK again in order to find a solution which is satisfactory to both sides and does not undermine the friendship and alliance between the two nations.

Thus far, the U.S. has not made an official request for renegotiating the ROK-U.S. FTA. For now, the U.S. is seeing which way the wind is blowing in the ROK and around the world before determining its final stance.

Therefore, we now should make it clear to the U.S. that renegotiations (of the ROK-U.S. FTA) are impossible. It is particularly important to remind the U.S. that a demand for renegotiations would undermine the friendship and alliance between the ROK and the U.S. and do more harm to the U.S. (than to the ROK.)

In this context, it would be meaningful if the ROK National Assembly ratifies the FTA at an earlier date. In addition, it is important to sign the free trade pact with the EU and implement it as early as possible. The ROK also needs to initiate FTA talks with China in order to remind the U.S. again that the ROK is an important ally for the U.S.'s foreign policy and security interests.

The ROKG should, of course, be prepared for a possible request for renegotiation from the U.S. It will be possible to conduct renegotiation of the trade pact, leaving its (main) substance intact. The ROK and the U.S. can reach an agreement in the U.S.-ROK annual trade meeting or through voluntary consultation between business circles.

Obama's Train of Hope  
(Dong-a Ilbo, January 20, 2009, Page 30)

By Editorial Writer Kwon Sun-taeck

The inauguration of the U.S. President has been held Jan. 20 since 1937, when Franklin D. Roosevelt (1933-45) began his second term. Except for George Washington and other presidents whose predecessors died in office, most chief executives were sworn in March 4. The inauguration in January is the result of the ratification of the 21st Amendment of the U.S. Constitution, which stipulates that the term begins at noon Jan. 20. This was to alleviate fears that the President-elect must wait for more than three months after his or her election. In 1985, Ronald Reagan had to be sworn in at Capitol Hill due to a cold wave. A parade was also canceled.

President-elect Barack Obama left Philadelphia with selected "ordinary Americans" at noon Saturday to attend his inauguration Tuesday. Vice President-elect Joe Biden and his wife joined him at Wilmington, Delaware, and a welcoming ceremony was held in Baltimore. For this reason, the train took six and half hours to get to Washington, 220 kilometers away from Philadelphia. Though the name of the train was the "Obama Express," its speed was not.

Obama's train was "The Georgia 300," a private rail car owned by First Coach Rail Inc. It was first manufactured in the 1930s and renovated. It has a bedroom, dining room and kitchen with a hotel-like interior. George Bush used the train in 1992, Bill Clinton in 1996 and Democratic Presidential candidate John Kerry in his 2004 campaign. Obama also used the train in his campaign trail in April last year.

The route Obama chose to enter Washington in by train is reminiscent of the 1861 inauguration of Abraham Lincoln, Obama's political role model. It took Lincoln 12 days to reach Washington from Springfield, Illinois, and he took a train from Philadelphia to Washington. In the Lincoln era of no airplanes, a train was the best option. Obama's train trip to Washington at a time when a private jet has become commonplace must have been intended to invoke the image of Lincoln's black-white integration. Will Obama's train become the train of hope that revives the United States?

\* This is a translation provided by the newspaper, and it is identical to the Korean version.

The Incoming Obama Administration Opens a New World  
(Seoul Shinmun, January 20, 2009, Page 31)

The international community has been plagued by conflicts around the world. The Bush Administration sought to resolve the conflicts by the logic of power, but it only complicated the situation in Iraq. At her Senate confirmation hearing, Secretary of State-designate Hillary Clinton said that the U.S. alone cannot resolve difficult challenges around the world, nor can the world resolve them without the U.S., indicating her willingness to depart from unilateral diplomacy. We urge the incoming Obama Administration not to resort to diplomacy based on unilateralism and power in order to resolve conflicts around the world.

The Bush Administration called North Korea an 'axis of evil', but failed to deal with the communist regime. Unlike its predecessor, the Obama Administration should make substantial progress on the nuclear issue through close cooperation with the ROK. In addition, the two nations should take a wise approach to the KORUS FTA so that the controversial trade deal does not lead to a conflict between the two nations.

■N. Korea's Brinkmanship Is a Ticket to Nowhere  
(Chosun Ilbo, January 19, 2009, Page 31)

In an unusually strong statement broadcast on state television on Saturday, North Korea's military called ROK President Lee Myung-bak a "traitor" and accused him of rejecting reconciliation and cooperation efforts between the two Koreas, leaving the North forces no choice but to enter a phase of "total confrontation." It was the first time a North Korean Army spokesman appeared on television in full dress uniform. It was also the first time in 10 years that a North Korean military officer announced a position on the ROK.

The North Korean military spokesman referred to the Northern Limit Line, the UN-designated de facto sea border and vowed to abide only by a boundary it drew unilaterally in 1999. It repeated the same statement on Sunday.

The threat was completely unexpected. Lee in his New Year's address said he was prepared at all times to talk with North Korea and cooperate with it as a partner. In November last year, the Unification Ministry said it would respect the spirit of the June 15 and Oct. 4 declarations and hold talks over their implementation. Lee, who said during his election campaign that he would reexamine the Oct. 4 Declaration, has demonstrated the greatest possible degree of flexibility. But North Korea calls him a "traitor" and says he will clearly see how everything will be "shattered to pieces." What kind of response would North Korea have shown if an ROK officer in full dress uniform appeared on TV and threatened to destroy North Korea with high-tech weapons, calling Kim Jong-il a traitor?

U.S. President-elect Barack Obama's inauguration is just around the corner. Obama's key officials have said on many occasions that its top foreign policy priorities would be problems in Afghanistan and the Middle East. North Korea's unexpected military statement smells like a bid to put itself higher on the list of U.S. priorities.

If that was the aim, it would be self-defeating. U.S. Secretary of State Condoleezza Rice last month said only a fool would trust North Korea. If North Korea engages in any military confrontation on the NLL as the spokesman warned, it will only cement in the minds of the Obama Administration the impression that it is a difficult country to trust and negotiate with. That will make it more difficult for North Korea to realize its desire to sit down face-to-face with senior U.S. officials.

As for the ROK, the government must be fully prepared to deal with any threat posed by the North, whatever its intentions.

\* This is a translation provided by the newspaper, and it is identical to the Korean version.

**Pyongyang's Posturing**  
(JoongAng Ilbo, January 19, 2009, Page 30)

As the year begins, North Korea is appearing edgy and its policies uncoordinated.

In an apparent message to the incoming U.S. administration, North Korea's Foreign Ministry, in a statement on Tuesday, said denuclearization on the Korean Peninsula cannot take place unless bilateral ties with the United States are normalized.

But three days later it issued a contradictory statement, saying, "Even if bilateral ties normalize, we won't surrender our nuclear weapons while the nuclear threat from the U.S. exists."

Then on Saturday, the North's military launched a threat against the ROK, declaring it will take an "all-out confrontational posture." This stance does not square with their position to let the Kaesong Industrial Complex keep running.

North Korea appears to be testing bolder brinkmanship to draw attention from Seoul and the incoming Obama Administration.

It inevitably has to resort to such maneuvering as it is quickly running out of cards to play against the Western world.

For the last 20 years, the North has maintained the same old threatening disposition. But it needs to be aware that the world has become weary of its game of brinkmanship.

Pyongyang may still have room for gains in its nuclear strategy. It can intensify its threat and get what it wants, such as financial support through North Korea-U.S. relations or the Six-Party Talks.

But that kind of maneuvering would be just a waste of time and do little to help its dismal economic state. It is obvious from the record that North Korea has long been a beneficiary of international support, but failed to use the resources to improve its economy.

So once again we are forced to emphasize that the fundamental remedy to its economic woes would be to resolve to abandon its nuclear ambitions and guarantee nuclear-free security. Through its senior spokesman, the North Korean military openly came out and threatened the South in December by restricting business at the Kaesong Industrial Park. Now it has done the same.

Its actions may be associated with a change in the power structure in Pyongyang. We need to be at full alert and keep close watch on the North's internal affairs to read its future steps.

And importantly, we need to be in perfect coordination with the U.S. in order not to be swept away by North Korea's persistent strategy to seek deals with Washington while keeping Seoul in the dark.

\* This is a translation provided by the newspaper, and it is identical to the Korean version.

The ROK Government, Military, and People Should Respond Calmly and Sternly to North Korea's Threat

(Dong-a Ilbo, January 19, 2009, Page 31)

Last weekend, North Korea launched a series of verbal attacks against the ROK and the U.S. The spokesman for the (North) Korean People's Army warned the ROK, "Our revolutionary armed forces will take an all-out confrontational posture." The spokesman for the North's Foreign Ministry said in a statement that normalization of North Korea-U.S. diplomatic relations and the nuclear issue are entirely different issues, and that its status as a nuclear state will never change as long as the U.S. nuclear threat remains even a bit.

North Korea's intentions are evident. It intends to return inter-Korean ties to a decade ago, when the South provided it with "generous handouts." It also aims to create divisions and chaos in ROK society by provoking internal conflicts in the ROK. With the launch of the Obama Administration drawing nearer, the North may also aim to obtain a better position in nuclear talks by taking preemptive actions. Its threat also seems intended to distract the attention of North Koreans from Chairman Kim Jong-il's poor health to external factors. Since the North Korean regime is beyond common sense, we cannot rule out the possibility, either, of a military provocation from the North in the worst-case scenario. We are also concerned about North Korea's saber-rattling or missiles launches off the west coast.

Although we should fully brace ourselves for any possible provocation, we have no reason to be restless. If we are anxious even a little bit or act hastily, it would be tantamount to our being implicated in North Korea's scheme. The ROK government, military, and people should stand united and respond to North Korea's threat in a calm and stern manner. If we take a conciliatory attitude toward North Korea for fear of frayed ties between the two Koreas, we will give in to North Korea's typical threat.

Since Pyongyang is taking advantage of the transition period in the U.S. to intensify its offensive, the ROK should forge close cooperation with the Obama Administration in its initial days. Only when the ROK and the U.S. make it clear that they will not tolerate North Korea's provocation against the South and its nuclear possession under any circumstances can they prevent the North from acting imprudently.

